

THE NEED OF TALENT MANAGEMENT IN PUBLIC SECTOR BANKS IN INDIA

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ABSTRACT

The research paper focuses on to utilize the talent management scenario in the banking Industry. By taking the advantage of Booming banking sector in India, Competitive and customer oriented, identification and management of talented competent personals becomes the major challenge. The study on need of talent management exhibits the urgency and initiative on talent management in selected private and public sector banks. The central dogma findings of this research suggest that talent management initiatives are well established in private banks as compared to public sector banks in terms of remuneration, rewards, appreciation, selection procedure.

KEYWORDS: Talent Management, PSB, Talent Acquisition, Retention Strategies, Talent Retention

INTRODUCTION

Talent management professional term that gained maximum exposure in the late 1990s. It is basically deals with sourcing talent, integration and aligning talent, developing talent, engaging and rewarding talent, strategically developing talent and it leads to strategic goals. The idea of developing new talent is not a new concept in any business. P&G CEO spent one third to one half of time only on developing talent. (Holstein 2005). Despite intense competition being the key to market development and success, organizations have failed to identify some of the major reasons which highlight why 'good performers' leave. Past Studies clearly states that one major reason why people leave their organization is because of the organization's failure to bring about a correlation between pay and performance. Human Resource experts in the industry believe matching the right blend of talent with the right job profile can lead to superior performance

(Branham, 2001)



Figure 1

Indian banks posted impressive growth in the recent years. In terms of overall business, number of branches, ATMs, and staff the public sector banks and RRBs lead the pack, whereas in terms of productivity the foreign banks and private sector banks have taken the lead. Any subject in the past 15 years has not received as much attention in the human resource management literature as 'talent management'. It refers to the process of developing and fostering new workers through on boarding, developing and keeping current workers and attracting highly skilled workers at other companies to come work for your company. Hence, the literature review has been based on a variety of studies ranging from phenomenal studies to articles focused on the aspect of Talent management and related attributes identified for the studied. Culture, Performance Management and Retention Strategy. Although the subject of talent management is frequently

discussed, there are only a few empirical studies to date analyzing the impact of talent management as a retention strategy. However, a number of studies linking talent management and organizational performance have been published.

Talent = Capacity to learn + capacity to think + capacity to relate + capacity to act accordingly and the values of the organization (Martin and Moldoveanu, 2003). In today's hyper-competitive environment, although the issue of attrition is considered as a major crisis in one organization, it could be perceived as —*talent acquisition* in the other organization where the employee joins. Therefore, taking the positive impacts of job-hopping into consideration, any HR intervention from an organizational point of view should be focused on decreasing the negative effects of attrition. All the literature recognizes that talent provides companies with a competitive advantage, and it shares a common concern not only that talent is scarce, but also that most companies are not doing enough to manage and retain what they have.

CHANGING FACE OF PUBLIC SECTOR BANKS

In the recent years, the face of the public sector bank has changed. Almost all these banks have acquired core banking solutions for their operations, customers are weaned away from the branches to new delivery channels, and the quintessential counter that separated the customer space from that of the bank staff is getting replaced with customer friendly cushioned chairs. PCs adorn all work stations in the branch and offices. The queues in the cash counters are somewhat reduced as ATMs have sprung up in all sorts of places. Remittance systems have improved and customers have a wider choice of remittance instruments including RTGS and NEFT. Private and foreign banks have resorted to agents for recovery of retail loans. Considering that India is the outsourcing hub of the world the fact that PS banks have not adopted cost efficient out sourcing could be only attributed to banks inability to negotiate the issue with unions. Cost reduction through outsourcing will shore up the capital which is very essential to manage the slowdown in the sector. Outsourcing will also help in the talent management issues and the likely gap in the availability of skilled Human Resources.

The reason for advocating changes in the HR policies are as follows:

- Through unions lobby against and Government is dithering on the issue of consolidation it is inevitable that consolidation in the PSU domain will take place. This is because there are some PSU banks who have not recorded sufficient volumes of business. The Productivity levels of some of these banks are low. Though banks have not been apparently affected by the financial crisis the demand for Government support to meet the 12 % capital adequacy is increasing. There is a healthy debate in the public domain, on whether or not the consolidation is essential. Yet it is apparent that in a not too distant future PSU banks will have to consolidate. Consolidation will call for changes in the HR Policies.
- It is necessary to mainstream the clerical work force in the banks such that banks can compete effectively with private sector and foreign banks. This will call for fixing the job role and also looking into the transfer issue more dispassionately. Banks being commercial organisations cannot follow HR Policies similar to the Government. Transfer should be driven by the need in different geographies and not merely because a certain number of years have been spent in a place.
- There is a need for improvement in the recruitment system. Currently it is a huge, ongoing exercise which is costly to the candidates and the banks alike. The number of applicants for a given number of posts is very high. The eligibility criteria do not include knowledge of banking and therefore post recruitment training efforts are very large. Developing an entry point certification/banking qualification and reducing the number of applicants is important such that wasteful expenses are avoided.

NEED OF TALENT MANAGEMENT IN BANKING SECTOR

There is a need for improvement in the recruitment systems in banking companies. Developing an entry point banking qualification and reducing the number of applicants is important, so that wasteful expenses are avoided. Generally the bank job is considered safe and secure but not very demanding in terms of work output. It is difficult to fire an employee for non-performance. Banking is like any other business and the staffs have to carry out multifarious activities. Some of these activities are specialist in nature. At the same time some of the activities are in no way related to banking competencies and could be outsourced. Banks need to make some institutional changes to adapt to the markets. That is the reason which calls for research in this field. This study will explore Talent Management as retention strategy in banking.

RESEARCH GAP

After reviewing almost all the literature available in the related area of Talent Management following research gaps are found. 1. There may be lack of research on talent management study among public sector banks. 2. There may be a lack of research on talent acquisition initiatives in banks. These issues constitute considerable research gaps and there is a need for further research in this area.

RESEARCH OBJECTIVE

- To study the present scenario of talent management in selected banks.
- To study talent acquisition initiatives in banks.
- To study talent retention initiatives in banks



Figure 2

BANK GROUP-WISE INSURED DEPOSITS 2010-11 AND 2011-12

| Bank Group | (Amount in ₹ Billion) | | | | |
|--------------------------------------|--------------------------|------------------------|---------------------------|------------------------|--|
| | As on September 30, 2010 | | | | |
| | No. of Insured Banks | No. of Reporting Banks | Total Assessable Deposits | Total Insured Deposits | Percentage of Insured Deposits = { (4) / (3) * 100 } |
| | (1) | (2) | (3) | (4) | (5) |
| 1. SBI and its Associates | 6 | 6 | 9929 | 3695 | 37.21 |
| 2. Nationalised Banks \$ | 19 | 19 | 22309 | 7867 | 35.26 |
| 3. Public Sector Banks ((1) + (2)) | 25 | 25 | 32239 | 11562 | 35.87 |
| 4. Private Sector Banks | 22 | 22 | 9819 | 2172 | 22.12 |
| 5. Foreign Banks | 35 | 35 | 2464 | 240 | 9.76 |
| 6. Regional Rural Banks | 82 | 82 | 1305 | 1019 | 78.03 |
| 7. Co-operative Banks | 2049 | 1881 | 3689 | 2360 | 63.98 |
| 8. Local Area Banks | 4 | 4 | 8 | 4 | 54.55 |
| Total | 2217 | 2049 | 49524 | 17358 | 35.05 |

| Bank Group | (Amount in ₹ Billion) | | | | |
|--------------------------------------|--------------------------|------------------------|---------------------------|------------------------|--|
| | As on September 30, 2011 | | | | |
| | No. of Insured Banks | No. of Reporting Banks | Total Assessable Deposits | Total Insured Deposits | Percentage of Insured Deposits = { (9) / (8) * 100 } |
| | (6) | (7) | (8) | (9) | (10) |
| 1. SBI and its Associates | 6 | 6 | 11546 | 4046 | 35.04 |
| 2. Nationalised Banks \$ | 20 | 20 | 27956 | 8797 | 31.47 |
| 3. Public Sector Banks ((1) + (2)) | 26 | 26 | 39501 | 12842 | 32.51 |
| 4. Private Sector Banks | 20 | 20 | 9958 | 2336 | 23.46 |
| 5. Foreign Banks | 41 | 39 | 2650 | 221 | 8.35 |
| 6. Regional Rural Banks | 82 | 82 | 1522 | 1120 | 73.58 |
| 7. Co-operative Banks | 2026 | 2006 | 4033 | 2518 | 62.43 |
| 8. Local Area Banks | 4 | 4 | 10 | 5 | 51.92 |
| Total | 2199 | 2177 | 57675 | 19043 | 33.02 |

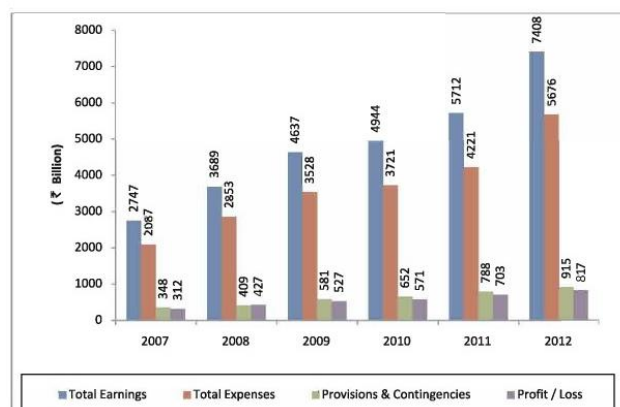
Note : \$ Includes IDBI Bank Ltd.

Source : Deposit Insurance and Credit Guarantee Corporation.

Source: www.rbi.org.in

Figure 3

**EARNINGS, EXPENSES AND PROFITS OF
SCHEDULED COMMERCIAL BANKS 2006-07 TO 2011-12**
(As on March 31)



Source: www.rbi.org.in

Figure 4

FINDINGS

Table 1

| Parameters | Private | Public |
|---|---|--|
| 1)Present Scenario Of Talent Management | Talent Management is top priority for private sector banks. | Talent Management is not the top priority for public sector banks |
| | Talent is identified by competency. | Talent is identified by Results |
| 2) Talent Acquisition | There are different sets of recruiters at different stages for acquiring talent | Different sets of recruiters are not present at different stages. |
| | Department Head is responsible for recruitment | HR Staff is responsible for recruitment. |
| 3)Talent Management Initiative | Department Head is responsible for development of employees | Department Head is responsible for development of employees |
| | 1) More Rewards are given. | Rewards are given less comparatively. |
| | Working with employees to develop individual career path | Providing Training |
| 4)Talent Retention Initiative | Creating a culture that makes employees want to stay with the organization. | Creating a culture that values employees work |
| | Retaining current potential | Aged work force is present, so retention initiatives are not present |
| | Compensation is based on performance | Compensation is fixed for both performers and non-performers. |

CONCLUSIONS

In Public Sector Banks, Care should be taken for candidates' skills during recruitment; it should not be based only on entrance exams. Competition should be created between employees and rewards should be given for extra talent. Job rotation and promotion should be given on the basis of performance. Equal platform should be provided for all candidates to perform and encourage career growth for the potential. Talent management initiatives should be more.

On the Contrary Bank Young Talent is dynamic; but they need good opportunities to explore themselves. Organizations should focus more on potential of the employees, for practising effective Talent Management. There should be fast track route available for talented candidates so that they can pursue their carrier goal. There should be an unbiased, reliable way to identify talented employees and also programs should be conducted for retaining those employees. Strength of the employee should be identified so that it can be used efficiently There should be a clear cut talent strategy in an organization, which is to identify high potentials to develop. Also a congenial work environment should be maintained to constantly motivate talent holders to retain them.

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